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MCANDREWS HELD & MALLOY, LTD
500 WEST MADISON STREET
SUITE 3400
CHICAGO, IL 60661

EXAMINER	
PATEL, JAGDISH	

ART UNIT	PAPER NUMBER
3693	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/786,196	SALIBA, ANTHONY J.	
	Examiner	Art Unit	
	JAGDISH PATEL	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *07 October 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-61* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-61* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date *See Continuation Sheet*.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

Continuation of Attachment(s) 3). Information Disclosure Statement(s) (PTO/SB/08), Paper No(s)/Mail Date :6/28/07,12/12/06,2/13/06,1/9/06,2/25/04.

DETAILED ACTION

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claim1-61 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. See explanation below.

A claim directed to or including within its scope a human being will not be considered to be patentable subject matter under 35 U.S.C. 101. The claims 14-19 and 55-61 recite within its scope a human being (an order flow provider). Per Commissioner Quigg's notice published at 1077 OG 24 (April 21, 1987), " a claim directed to or including within its scope a human being will not be considered to be a patentable subject matter under 35 U.S. C. 101"

2. Furthermore, Claims 1-61 are deemed non-statutory process claims because they do not recite useful, concrete and tangible result. In particular is asserted that since, the step of obtaining is a manual process and therefore subject to human judgment or "mental process" and since no standard (or basis) is provided for relating the potential cross quantity and potential cross price to the option order, concreteness of the result cannot be assured. See *In re Comiskey* (2006-1286) September 20, 2007 ("It is thus clear that the present statute does not allow patents to be issued on particular business systems—such as a particular type of arbitration—that depend entirely on the use of mental processes. In other words, the patent statute does not allow patents on particular systems that depend for their operation on human intelligence alone, a field of endeavor that both the framers and Congress intended to be beyond the reach of patentable subject matter. Thus, it is established that the application of human intelligence to the solution of

practical problems is not in and of itself patentable." It is noted merely submitting a contra order based on these parameters does not resolve this deficiency.

In accordance with the revised Interim Guidelines for Subject Matter Eligibility (refer to web link, <http://www.uspto.gov/web/offices/pac/compexam/interim_guide_subj_matter_eligibility.html>) for details), a claimed invention must satisfy the requirement that it be directed to a "practical application" which is to mean "the claimed invention physically transforms an article or physical object to a different state or thing, or ... the claimed invention otherwise produces a useful, concrete, and tangible result".

Since, the physical transformation test is not relevant to the instant claims, the proper test to determine whether the claimed invention satisfies the "practical application" is whether the claimed invention produces a useful, concrete and tangible result. The focus is on the result of the claim as a whole, not the individual steps or structure used to produce the result.

A useful, concrete and tangible result must be either specifically recited in the claim or flow inherently therefrom. To flow inherently therefrom, it must occur. If there is a reasonable exception or it is merely likely that it would occur, it does not "flow inherently therefrom" and the claim would need to be amended to specifically recite the result.

Exemplary analysis of claim 1 is provided which applies to all independent claims, including the system/product claims 14-19 and 55-61.

Claim 1 recites a method for stock option trading. The method recites data gathering steps of (receiving an option order at a market, receiving a copy of the option order (at the Edrop server), obtaining (i.e. receiving) a potential cross quantity and potential cross price at the Edrop server (this process is treated as a trader entering the stated parameters at the Edrop server) and submitting a contra-order through the Edrop server. However, the Edrop does not perform any act on the option order nor does it transform the potential cross quantity and the potential cross

price into a contra-order (the claim recites that the potential cross quantity and price are obtained from a human trader and not generated by the Edrop server). The Edrop server merely acts as a conduit to submit the contra order to the market.

The claimed invention does not produce concrete, tangible and useful result because nothing is stated in the claim to the effect that the Edrop sever either (a) determines the cross order quantity and cross order price or (b) generates a contra order based upon based upon the cross quantity and the cross price. There the claim as a whole fails to produce useful, concrete and tangible result.

Claims 14 and 17 are is analyzed with respect to the underlying process performed by the system and based upon aforementioned analysis it is concluded that the claimed invention does not produce concrete, tangible and useful result.

Claim 20 is not produce useful, concrete and tangible result because all steps are performed manually. The step of obtaining a contra order at the server based on the order is "routine" data gathering step because the contra order itself is not generated by the Edrop server.

Claim 35 recites that information regarding an order is transmitted to a first server and a contra-order is submitted to the first server or a second server . However, as discussed previously there is no recitation of useful, concrete and tangible result produced in the claimed invention because (a) the contra order is not generated by the server and/or (b) nothing happens subsequent to transmission of the information or submission of the contra order.

Claim Rejections-35 USC 112

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 1-60 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Note: exemplary claim 1 analysis is provided. The applicant is requested to follow this analysis as guidance to review all other independent claims and correct deficiencies of similar nature and scope.

Claims 1-60 recite receiving an option order at the market and also contemporaneously receiving a copy of the option order at the "Edrop" system. The Edrop system then obtains a potential cross quantity and potential cross price based on the option order.

The claim fails to specify where the potential cross quantity and the potential cross price are obtained from. For example, a trader may look up the copy of the option order and based upon his judgment may enter these parameters or alternatively the Edrop system may itself calculate these parameters based upon a specified algorithm. Each alternative has significant effect on the reliability of the process.

The claim fails to specify what attributes of the option orders are being relevant to the "potential cross quantity and a potential cross price". Since an option order (as understood by one of the ordinary skill in the art) comprises symbol of an underlying security, expiration date, quantity, and type of the option the potential cross quantity and the potential cross price may be obtained with unlimited possibilities. For example, these parameters may be independent of the one more parameters associated with the option order.

The claim fails to specify the time frame in which the contra-order is submitted to the market. Is the submittal of the contra-order to the market also contemporaneous to the receipt of the market order at the market? If the order is submitted with a significant delay the usefulness of the received order in terms of the contra order may not exists or diminish due to volatility of the option market.

System claims 14 and 55 contain deficiencies similar to those in it's counterpart method claim 1.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

6. Claims 1-61 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker (How the Options Markets Work, 1991).

Claims 1-7 Walker discloses a method for option trading which involves option trades which require that a "potential cross quantity", and a "potential cross price" are determined based on the option order (such as a long straddle, a strip as described in Walker). Note that option order is identified via corresponding contract identifier as is well known in the option trading (such as Disney Nov 2000 with strike price of 15 identified as DIS Nov0 15.0 C (DISKC.X) etc.) which also identifies underlying security (DIS), strike price (15.0) and expiry (NOV 2000)). As Walker teaches, as example, a long Straddle and Strips used as option strategies. In a long straddle "put on" order a contra-order "Buy 1 Disney Dec 130 Put" is determined based upon a corresponding "Buy 1 Disney Dec 130 Call" order when the option is identified as a "Long Straddle". In this instance a "potential cross quantity" and "potential cross price" are same as corresponding Call option. The "contra-order" also specifies corresponding "contract identifier" (inherent and explained as above), "expiry" (Dec), "underlying security" (DIS), "potential cross quantity" (1), and "potential cross price" (130). Inherently, the contra-order is also submitted to the market for fulfillment as is apparent in the reference.

Walker fails to teach that the contra-order is submitted through an electronic drop system (a server, noting that process step of claim 1 are performed in same manner (not altered) due to the fact that the server is "electronic server" or "a server").

However, official notice is taken that trading and submitting an option order is old and well known.

It would have been obvious to one of ordinary skill in the art at the time of the invention to submit the contra order via an Edrop server because the order would be processed more efficiently and accurately and would reach the market quicker.

7. Regarding claim 8-10 Walker fails to disclose and official notice is taken that displaying an underlying security (for an option), the option quantity, the option bid price and the option ask price at a trader terminal and monitoring the trader terminal for a submit indicator are old and well known steps customarily practiced in the options trading by traders.

It would have been obvious to one of ordinary skill in the art at the time of the invention to implement these method steps because the display parameters are relevant to the option order trade and essential in formulating and submittal of an option order.

8. Regarding claim 11-12 Walker fails to disclose and official notice is taken that applying a filter to the option order including storing the option order in a filtered database is old and well known. For example, orders which are submitted as "limit orders" must specify and meet certain filter requirements as to the price and the quantity.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have the feature of applying a filter and providing a filtered database because this would enable constructing and submitting of "limit orders" or conditional option orders.

9. Claim 13 is analyzed in a similar manner as in claim 13. Note that storing security transactions order in a database is old and well known. It would have been obvious to one of ordinary skill in the art at the time of the invention to store the option orders as claimed in order to maintain accurate records of the customer including relevant data of the options for various bookkeeping purposes.

10. Regarding system claims 14-29, these claims correspond to method claims 1, 3, 6, 8 and 11 respectively as analyzed above. Walker recites limitations of method claims 1, 3, 6, 8 and 11 respectively in each case. Walker, however, fails to expressly show a server arrangement and a computer program product that implements the method steps as recited in the subject claims. It was well known at the time of the invention that merely providing an computerized implement or automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958).

It would have been obvious to one of ordinary skill in the art at the time of the invention to implement in a server the steps of method as disclosed by Walker and inherently by a security broker to facilitate a complex option trade orders as previously discussed via the arrangement of the subject claims because this speed up the processing of the method steps which is purely known and expected result from computerization of what is known in the art.

Claims 20-61 are treated as obvious variations of process claims 1-13 because they recites features which are obvious in view of the cited prior art.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAGDISH PATEL whose telephone number is (571) 272-6748. The examiner can normally be reached on 800AM-630PM Mon-Tue and Thu.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, **KRAMER JAMES A** can be reached on **(571)272-6783**. The fax phone number for the organization where this application or proceeding is assigned is 517-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Jagdish N. Patel
(Primary Examiner, AU 3693)
10/12/07